



MAY 23 2007

Administrator
Washington, DC 20201

Frederick P. Cerise, M.D., M.P.H., Secretary
State of Louisiana
Dept of Health & Hospitals
628 North 4th Street
Baton Rouge, LA 70821-9030

Dear Dr. Cerise:

I have been asked by Secretary Leavitt of the Department of Health and Human Services (DHHS) to announce the availability of \$100 million to restore and expand access to primary care, including primary mental health care, in the Greater New Orleans area, under the authority of section 6201 of the Deficit Reduction Act of 2005 (DRA), and to provide you with information on how to apply for such funds. In particular, section 6201(a) (4) of the DRA provides authority to the Secretary, DHHS, to make payments to States in order to restore access to health care in communities impacted by Hurricane Katrina.

Because of the unique impact on the low income and uninsured population of Greater New Orleans caused by the storm and its resulting floods, and for purposes of this funding opportunity, the Secretary is directing these resources to "Greater New Orleans", defined as the four Parishes in Louisiana that comprise Region 1, as defined by the Louisiana State Department of Health and Hospitals, namely: Jefferson, Orleans, St. Bernard and Plaquemines Parishes.

Through his numerous visits to Greater New Orleans, including his trip on April 5, when he was able to visit several clinics providing care to local residents, the Secretary determined that the largest portion of the remaining DRA funds should be made available to help stabilize and expand primary care access, without regard to a patient's ability to pay. His observations corroborated testimony supplied by local providers to the House Energy and Commerce Oversight Committee who requested additional "short term" funding, to increase capacity to meet the current demand for services and significantly decrease the uninsured population's reliance on expensive emergency room care. The Secretary believes that providing short-term financial relief to overburdened outpatient entities will significantly increase the likelihood that access to essential services will be sustained after this funding is expended. This relief will also allow the State and local healthcare providers to continue work identifying a long-term solution through a comprehensive Medicaid Waiver.

For these reasons, the Secretary is invoking his authority to award grant funding to States to restore health care in communities affected by Hurricane Katrina. He is offering this unique grant funding opportunity to enable Louisiana to assist Greater New Orleans providers to expand access to outpatient primary care (as defined in **Enclosure A**) that includes professionally delivered medical and mental health services, substance abuse treatment, oral health care, and optometric health care (administered in a clinical setting). There is a total of \$100 million in Federal grant funds available for this activity, \$4 million of which, Louisiana will reserve in order to restore to the City of New Orleans Health Department (CNOHD), ability to provide primary care in city neighborhoods that are not adequately served. These grant funds are not

intended to replace or supplant any existing State support for primary care providers. No additional State contribution to these payments is required for this grant, though matching funds by the State are strongly encouraged.

The Secretary is also concerned about the timeliness of disbursing grant funds to meet the immediate needs of the impacted communities. There is a limited supply of physicians and other licensed health care practitioners available and willing to serve as staff in clinics capable of meeting the urgent and burgeoning primary care needs encountered by populations as they return. The population is returning not only to established homes and neighborhoods, but also to new and evolving communities emerging and taking root in newly rebuilt Greater New Orleans. The Secretary has determined that the State cannot successfully meet these needs without entering into a formal partnership with a locally based entity that can insure timely payment and responsive oversight of day-to-day conditions.

Therefore, to facilitate and expedite payments, and provide oversight and support to eligible primary care clinics, the State must develop and identify a formal partnership with a locally based organization (i.e., located in New Orleans) as part of its application for grant funds. Once selected, this partner would be considered a sub-recipient for purposes of the grant award and shall be subject to federal grant administration and cost accounting principles contained in OMB Circulars A-110 and/or A-122. The partner must be a not-for-profit entity, and have: experience in public-private partnering at the community, Parish or State levels; experience in administering a Federal health care grant; ability to conduct timely, due diligence in identifying and screening a roster of potential clinic applicants against the required eligibility criteria; ability to serve as a fiscal agent to deliver funds to these grantee clinics; and experience or ability to oversee and coordinate service delivery, training, technical assistance and necessary collaborative activities for the funded network of primary care clinics. The State's local partner organization can receive funds from this DRA grant for administrative costs, but can receive no other funds from this grant.

The Secretary expects the State, to the maximum extent possible, to use its local partner to develop a funding or screening application process for determination of clinic eligibility, to carry out day-to-day oversight and technical support for grantee clinics, including new primary care clinics to be established by the CNOHD, to make payments, and to achieve the deliverables and meet the timetables associated with implementing the terms and conditions of this DRA grant. The local partner will be held to performance criteria as outlined in the terms and conditions of this grant, and will be subject to the review and approval of DHHS and the Centers for Medicare & Medicaid Services (CMS).

1. Short-Term Stabilization and Expansion of Access to Primary Care within Greater New Orleans regardless of the ability to pay.

Eligible Primary Care Clinics. There are several different categories of "primary care clinic" providers that have operated in Greater New Orleans and that might fall within the universe of entities eligible to receive funding under this grant, and for the purpose of this grant, shall be considered a sub-recipient or a sub-award and therefore subject to Federal grant administration rules and cost principles contained in OMB Circulars A-110 and/or A-122 and/or A-87. These

providers include, but are not limited to: Parish public health department primary care clinics; primary care providers who participate in the Partnership for Access to Healthcare (PATH); Federally qualified health centers (FQHCs); Ryan White program clinics serving residents with HIV/AIDS; publicly owned or non-profit, outpatient community mental health clinics; outpatient clinics of hospitals and universities established specifically for the purpose of providing primary care; National Health Service Corps sites in Federally-designated Health Professions Shortage Areas (HPSAs); primary care clinics operated by charitable organizations, including faith-based organizations; and other clinic entities (faith-based or otherwise) whose specific mission it is to provide primary care, but that do not formally fall within the more discrete and identifiable categories mentioned above. Collectively, these organizations offer a broad array of primary care providers needed by the population to be served in Greater New Orleans. For purposes of clarity and uniformity, the term "clinic" will be used hereafter in this DRA grant solicitation to refer to any of the full array of outpatient clinics operated by the types of provider entities listed above, and that have been established with the explicit purpose to provide primary care, as defined in **Enclosure A**.

The State and its local partner will be able to use these Primary Care Access Stabilization Grant funds to operate a grant program to support eligible primary care clinics. To be designated as eligible to receive these DRA grant funds, a primary care clinic must meet all of the criteria Stated in the Requirements Section described in **Enclosure B at the time that the State's grant proposal is submitted**.

NOTE: With the exception of the four CNOHD primary care clinics described in Section 2 (New Orleans East, Mandeville, and two mobile clinics - all four of which are not yet operational), the remaining primary care facilities operated by the CNOHD are eligible to apply for possible funding under the \$96 M grant.

Primary Care Clinic Grant Terms and Allowable Expenditures. Clinics determined to be eligible by the State's local partner (hereafter referred to as "grantee clinics") may receive their payment in two lump sums through the State's local partner in accordance with the Grant Requirements described in **Enclosure B**, and the Payment and Distribution Schedule described in **Enclosure C**, or through another payment and distribution schedule, but only if the alternate schedule is approved by CMS. Grantee clinics may use grant funds to support their provision of primary care as defined in **Enclosure A**, for allowable expenditures defined in **Enclosure D**. Grantee clinics must have established appropriate accounting systems and internal controls to account for all expenditures of Federal money awarded (**See Enclosure B**). Expenditures of Federal grant funds are permitted through the end of FY 2010. Grantees not adhering to the terms and conditions of this grant may be subject to penalties. The State grant program shall provide for grantee clinics to repay any amounts not spent for allowable expenditures.

2. Restore capability of the City of New Orleans Health Department to meet its mission of providing primary care to its citizens most in need.

Separate from the awards listed above, the State, through its local partner shall award \$4 million directly to the City of New Orleans Health Department (CNOHD) to help the City provide urgent access to primary healthcare for its citizens most in need. For the purpose of this grant,

CNOHD shall be considered a sub-recipient or a sub-award and therefore subject to Federal grant administration rules and cost principles contained in OMB Circular A-87 (State and local units of government). Grant funds may be used to assist the City to ramp up its clinical services and recruit physicians, dentists, registered nurses and other licensed professional healthcare staff for new sites planned at New Orleans East and Mandeville, as well as staffing for mobile dental and vision van units.

Schedule of payments to the CNOHD will be made in accordance with a budget submitted to the State's local partner in one lump sum, and made payable directly to the CNOHD on behalf of its primary care clinic facilities. Expenditures made by the CNOHD may occur through the end of FY 2010.

CNOHD may use its Federal DRA grant funds to support its provision of primary care as defined in **Enclosure A** in which case eligible expenditures must conform to the list of Allowable Expenditures identified in **Enclosure D**. Prior authorization by the State's local partner is not required prior to the distribution of funds to the CNOHD, except as indicated in **Enclosure D**. CNOHD must have established appropriate accounting systems and internal controls to account for all expenditures of Federal Money awarded (**See Enclosure B**). The CNOHD under the terms of this \$4 M grant must annually provide to the State's local partner: summary encounter data on the number and types of patients that CNOHD served through these grant funds, an accounting for all expenditures of Federal DRA funds awarded under this \$4 M grant; as well as a detailed accounting of how the CNOHD, through this grant funding, was able to increase access to healthcare to residents in the City of New Orleans. The State grant program shall provide for repayment of any amounts not spent for allowable expenditures.

Payments to grantee clinics, physicians, and other professional healthcare staff under any aspect of the \$100 million grant program are not to be considered payments for Medicare, Medicaid or other specific services, and are not available as the non-Federal share of Medicaid expenditures or for supplemental disproportionate share hospital payments. Grant applications requesting funds to be used for the non-Federal share of Medicaid or other Federal grant expenditures or for supplemental Medicaid disproportionate share hospital payments will not be considered.

Administrative costs for the State are limited to 0.5% of the total amount of funds to be disbursed. Administrative and oversight costs for the State's local partner are limited to 5% of the total amount of funds to be disbursed.

The State's Application Instructions for the grant are found in **Enclosure E**. The grant application must be submitted electronically on the Office of Management and Budget-approved application form. The complete application can be downloaded from the following CMS Web site: <http://www.cms.hhs.gov/GrantOpportunities/>.

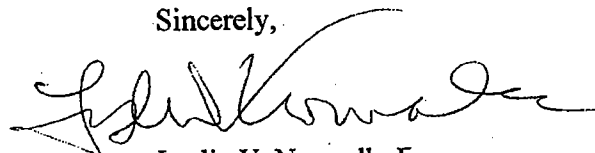
The CMS contact for administrative assistance for this grant is Judith Norris at 410-786-5130 (judith.norris@cms.hhs.gov). The CMS contact for programmatic technical assistance for this grant is Ms. Wendy Taparanskas at 410-786-5245 (wendy.taparanskas@cms.hhs.gov). Please do not hesitate to contact us if you require additional assistance.

Page 5 - Frederick P. Cerise, M.D., M.P.H., Secretary

If Louisiana wishes to be considered for this grant, it must submit an application to CMS by June 17, 2007. Notification of grant award will be made by June 29, 2007, with the grant to become effective June 29, 2007.

I strongly encourage you to consider this grant opportunity and identify a local partner who will be able to help you administer this grant.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie V. Norwalk". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Leslie V. Norwalk, Esq.
Acting Administrator

Enclosures

Cc:

Jerry Phillips, DHH Medicaid Director
CMS Administrator
HRSA Administrator
HHS Regional Director – Dallas
CMS Regional Administrator - Dallas
HRSA Regional Administrator – Dallas

PRIMARY HEALTHCARE (INCLUDING MENTAL & ORAL HEALTH) SERVICES:

Primary Healthcare (including Mental and Oral Health) Services include:

1. Health care services typically provided by a person's first practitioner contact in the health care system, and that fall in the categories of family medicine, internal medicine, general practice, pediatrics, obstetrics, gynecology, psychiatry, mental health or care for substance use. Services are furnished by physicians, physician assistants, nurse practitioners, nurse midwives, psychologists, licensed clinical social workers, ophthalmologists, opticians, optometrists and pharmacists all operating within the scope of their licensure in the State of Louisiana;
2. Diagnostic laboratory and radiological services (provided directly by or paid for by the primary care clinic);
3. Preventive health services, including—
 - a. Prenatal and perinatal services;
 - b. Appropriate cancer screening, e.g., pap smears, mammograms, colorectal testing;
 - c. Well-child services;
 - d. Immunizations against vaccine-preventable diseases;
 - e. Screenings for elevated blood lead levels, communicable diseases, and cholesterol;
 - f. Pediatric eye, ear, and dental screenings to determine the need for vision and hearing correction and dental care;
 - g. Mental health prevention and screening services; and
 - h. Voluntary family planning services.
4. Dental services (**in a clinic or mobile clinic only**) when provided by dentists and dental hygienists;
5. Optometric services (**in a clinic or mobile clinic only**) when provided by ophthalmologists, optometrists or opticians;
6. Mental health and/or substance abuse screening, assessment, counseling, referral, treatment, follow-up services, and consultation for these specified conditions treatable or manageable in primary care settings by psychiatrists, psychologists, licensed clinical social workers, or by other licensed providers with appropriate mental health specialist consultation, all operating within the scope of their licensure in the State of Louisiana;
7. Emergency medical or mental health services (provided directly or paid for by the primary care clinic setting only) (including, urgent care, stabilization and referral);
8. Pharmacy services (provided directly or paid for by the primary care clinic); and
9. Patient case management services (provided directly by or paid for by the primary care clinic setting only) including counseling, referral, follow-up services and other services designed to assist patients in gaining access to Federal, State, and local programs that provide or financially support the provision of medical, social, housing, educational, transportation, interpretation/translation or other related enabling services.

**DEFICIT REDUCTION ACT - HURRICANE KATRINA HEALTHCARE RELATED
PRIMARY CARE ACCESS STABILIZATION GRANT**

The **Primary Care Access Stabilization Grant** is to fund State grant payments to eligible primary care clinics to help stabilize and/or expand primary healthcare access in Greater New Orleans in neighborhoods that are not adequately served as a result of Hurricane Katrina and its subsequent floods. There is a total of \$100 million in grant funds available for this activity, \$4,000,000 of which, Louisiana will reserve in order to restore to the City of New Orleans Health Department (CNOHD), ability to provide primary care in city neighborhoods that are not adequately served. Because of the unique primary care access problems being experienced by the population of Greater New Orleans caused by Hurricane Katrina and its resulting floods, the Secretary has allocated all of the grant funds to the State of Louisiana.

1. Before the grant may be awarded, the State must identify to CMS, the name of the local partner with which it has contracted to administer the grant on a day-to-day basis, as described in the May 23, 2007 letter to Governor Blanco. The State's local partner must meet the following criteria:
 - a. Be a not for profit organization located in New Orleans)
 - b. Have experience in public-private partnering at the community, Parish or State levels;
 - c. Have experience in administering a Federal health care grant;
 - d. Have the ability to conduct timely, due diligence in identifying and screening a roster of potential clinic applicants against the required grant eligibility criteria;
 - e. Be able to serve as a fiscal agent to deliver funds to these grantee clinics; and
 - f. Have experience or ability to oversee and coordinate service delivery, training, technical assistance and necessary collaborative activities for the funded network of primary care clinics.

To eliminate conflict of interest, the State's local partner organization can receive funds from this DRA grant for administrative costs, but can receive no other funds from this grant.

2. Grant funds must only be used to fund eligible clinics that are located and providing primary care services (as defined by **Enclosure A**) in Greater New Orleans. For purposes of this grant, "Greater New Orleans" means the four Parishes comprising Region 1, as defined by the Louisiana State Department of Health and Hospitals (LA-DHH), namely: Jefferson, Orleans, St. Bernard or Plaquemines.
3. For a primary care clinic to be designated as eligible to receive any portion of the \$96 million DRA grant funds, the clinic must be able to meet all of the criteria listed below ***at the time that the State's grant proposal is submitted:***. Each primary care clinic must:

- a. Be operational and serving patients with the intent to be a sustainable¹ entity, with long-term plans to provide primary care to residents in Greater New Orleans. DRA Grant funds may not be distributed to clinics that are not in operation.
- b. Attest under penalty of law² before any funds may be disbursed to the clinic, as to the clinic's:
 - i. long term plans to be a sustainable primary care clinic; and
 - ii. plans for relocation, renovation and/or expansion of a service delivery site.
- c. Be a public or private not-for-profit entity (and may not be an individual practitioner in private solo or group practice);
 - i. Note: The clinic must be currently licensed, if licensure is required by the State of Louisiana.
 - ii. The clinic or its licensed practitioners:
 - must be currently enrolled in Medicaid or SCHIP as a participating practitioner or provider;
 - have submitted an application for such enrollment by the date of the disbursement of grant funds; or
 - if the clinic or its practitioners are not enrolled as a Medicaid or SCHIP provider, then the clinic or its practitioners must be eligible to participate in Medicaid or SCHIP (i.e., non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred, or whose principals are suspended or debarred);
 - iii. Providers that have been excluded from participation in Federal health care programs under section 1128 of the Social Security Act, 42 USC 1320a-7 would be ineligible.
 - iv. All health care practitioners that provide health care treatment, mental health counseling, or any other type of clinical health care services to patients must hold a current unrestricted license to practice in the State of Louisiana, and be providing such licensed services within the scope of that licensure.
 - v. EXCEPTION: Any Federal practitioner utilized within a clinic setting is covered under the Federal Tort Claim Act, and must practice in accordance with applicable Federal laws (e.g., s/he may hold an unrestricted license from a State, but not necessarily from the State of Louisiana.)
- d. Agree to work with the State's partner and others in local planning activities as part of the newly created outpatient primary care-based systems so that clinics can have the referral relationships with local specialists and hospitals, to provide a seamless continuum of care to residents of all levels of income and with forms of insurance coverage acceptable to all provider clinics.

¹ "Sustainable" means ability to continue providing primary care to all patients (regardless of their ability to pay) through some funding source *other than this DRA grant*, e.g., enrolling as a provider in Medicaid, LaCHIP, Medicare, private insurance, etc.

² Civil and/or criminal penalties may ensue for any clinic that willfully or negligently provides false or misleading information to the State, its local partner, or to HHS under this grant award.

